

Governor Steve Beshear:
Raising the Tobacco Tax is the Best Health Initiative We Can Undertake

CIGARETTE PRICE INCREASES REDUCES CIGARETTE CONSUMPTION

U.S. Surgeon General: Tobacco Tax Increase One of Most Effective Tobacco Prevention Strategies. The 2000 U.S. Surgeon General's Report *Reducing Tobacco Use* review of existing research concluded that raising tobacco taxes is one of the most effective tobacco prevention and control strategies.ⁱ

Every 10% Price Increase Leads to 3-5% Consumption Drop. Economic research generally shows that every 10 percent increase in the real price of cigarettes reduces overall cigarette consumption by approximately three to five percent.ⁱⁱ

Increases Prevent and Reduce Smoking Among Many Groups. Among all adults or all youths, cigarette price increases work even more effectively to prevent and reduce smoking among males, Blacks, Hispanics, pregnant women, and lower-income persons.ⁱⁱⁱ

Every 10% Price Increase Reduces Young Adult and Kid Smokers. Economic research generally shows that every 10 percent increase in the real price of cigarettes reduces the number of young-adult smokers by 3.5 percent and reduces the number of kids who smoke by six or seven percent.^{iv}

Increases Lead to Quitting by Pregnant Women. A 10 percent increase in cigarette taxes increases the probability of a woman quitting smoking during pregnancy by 10 percent.^v

STATES HAVE SEEN THE RESULTS

Every Single State Cigarette Tax Increase Led to Sale Decreases. In every single state that has significantly raised its cigarette tax rate, pack sales have gone down sharply.^{vi}

- Cigarette sales fell 18 percent in North Carolina after the tax was raised in two steps to 35 cents from a nickel.^{vii}
- Connecticut increased its tax to \$1.51 from 50 cents per pack in 2002. Since then, per capita consumption of cigarettes has fallen 37 percent.^{viii}
- New Jersey raised its tax to \$2.40 from 80 cents in 2002. Smoking has dropped 35 percent.^{ix}
- California raised its cigarette tax to 87 cents per pack in 1999 but hasn't changed it since. Smoking is down 18 percent since the tax increase.^x

Tobacco Tax Reliable Source of Revenue. Year to year, state tobacco tax revenues are more predictable and less volatile than many other state revenue sources, such as state income tax or corporate tax revenues, which can vary considerably each year because of nationwide recessions or state economic slowdowns. In sharp contrast, large drops in tobacco tax revenue from one year to the next are quite rare because of the addictive power of cigarettes.^{xi}

Savings Buy Other Goods that Increase State Revenues. Smokers who quit or cutback typically use their savings from reduced cigarette purchases to buy various other goods and services in the state, thereby increasing other state tax revenues and helping to strengthen the state economy.^{xii}

KENTUCKY TOBACCO USAGE

Kentucky Has the Highest Rate of Tobacco Use in the Nation. Kentucky's smoking rate is 28.20% compared to the national rate of 19.8% and Kentucky ranks 51st.^{xiii}

More Than a Quarter of Kentucky Youth Are Smokers, with 6,500 New Youth Smokers a Year. Kentucky's youth smoking rate is 26% compared to the national rate of 20%.^{xiv} Kentucky has 6,500 new youth smokers per year.^{xv} In 2006, 24.5 percent of Kentucky high school students were smokers, compared to the national average of 23 percent.^{xvi} In 2006, 12 percent of middle school students were smokers.^{xvii} 21,900 kids try their first cigarette each year in Kentucky.^{xviii}

15% of Kentucky Youth Use Smokeless Tobacco. A 2007 CDC survey showed that 15.8 percent of Kentucky youth used smokeless tobacco. 26.7% of high school males are current spit tobacco users.^{xix}

Kentuckians Want to Quit. 50% of Kentucky smokers say they want to quit.^{xx}

IMPACT OF KENTUCKY'S TOBACCO USE

Kentucky Hard-Hit by Tobacco-Related Disease and Death.

- There are 7,700 tobacco-related deaths annually in Kentucky.^{xxi}
 - More than 23% of all deaths in Kentucky are attributable to smoking.^{xxii}
 - Kentucky leads the nation in lung cancer.^{xxiii}
 - The leading cause of death in Kentucky is cardiovascular disease.^{xxiv}
 - Kentucky also has high rates of low birth weight babies and infant mortality.^{xxv}
- 2006 CDC State Data Highlights shows the following rankings for Kentucky:^{xxvi}
 - Kentucky ranked 50th in prevalence of smoking for adults. (ascending order)
 - Kentucky ranked 26th in adults trying to quit. (descending order)
 - Kentucky ranked 51st in smoking-attributable death rate for adults. (ascending order)
 - Kentucky ranked 45th in prevalence of smoking in grades 9-12. (ascending order)
 - Kentucky ranked 50th in nonsmoking policies protecting people on worksites. (descending order)
 - Kentucky ranked 51st in nonsmoking policies protecting people in homes. (descending order)

Tobacco-Related Costs Hit Kentucky Wallets Hard.

- Smoking-caused state Medicaid program spending each year: \$487.0 million.^{xxvii}
- Annual healthcare expenditures in Kentucky directly caused by tobacco use: \$1.50 billion.^{xxviii}
- Kentucky taxpayers pay \$599 per household to treat tobacco-related disease.^{xxix}

SURROUNDING STATES' CIGARETTE TAX

- Ohio: \$1.25
- Indiana: \$0.995
- Illinois: \$0.98
- Tennessee: \$0.62
- West Virginia: \$0.55
- Virginia: \$0.30
- Missouri: \$0.17^{xxx}

ⁱ Campaign for Tobacco Free Kids Fact Sheet, 6/24/08, <http://www.tobaccofreekids.org/research/factsheets/pdf/0146.pdf>

ⁱⁱ *ibid*

ⁱⁱⁱ *ibid*

^{iv} *ibid*

^v National Bureau of Economic Research, *Cigarette Taxes and Prenatal Smoking*, 2003, <http://www.nber.org/aginghealth/winter03/w9245.html>

^{vi} Campaign for Tobacco Free Kids Fact Sheet, 6/24/08, <http://www.tobaccofreekids.org/research/factsheets/pdf/0146.pdf>

^{vii} USA Today, *Smoking Declines as Taxes Increase*, By Dennis Cauchon, 8/10/07, http://www.usatoday.com/news/health/2007-08-09-1Aleda_N.htm

^{viii} *ibid*

^{ix} *ibid*

^x *ibid*

^{xi} Campaign for Tobacco Free Kids, 2/15/07, <http://www.tobaccofreekids.org/research/factsheets/pdf/0303.pdf>

^{xii} *ibid*

^{xiii} <http://www.tobaccofreekids.org/research/factsheets/pdf/0176.pdf>

^{xiv} *ibid*

^{xv} *ibid*

^{xvi} <http://chfs.ky.gov/dph/ach/cd/tobacco.htm>

^{xvii} *ibid*

^{xviii} "Tobacco's Toll in Kentucky," American Heart Association PowerPoint Presentation.

^{xix} http://apps.nccd.cdc.gov/StateSystem/stateSystem.aspx?selectedTopic=150&selectedMeasure=162&dir=epi_report&ucName=UCDetail&state=KY&year=2007&submitBk=y

^{xx} "Tobacco's Toll in Kentucky," American Heart Association

^{xxi} *ibid*

^{xxii} *ibid*

^{xxiii} *ibid*

^{xxiv} *ibid*

^{xxv} *ibid*

^{xxvi} http://www.cdc.gov/tobacco/data_statistics/state_data/data_highlights/2006/00_pdfs/DataHighlights06table5.pdf

^{xxvii} Campaign for Tobacco Free Kids, "Benefits from a 70 Cent Cigarette Tax In Kentucky"

^{xxviii} *ibid*

^{xxix} "Tobacco's Toll in Kentucky," American Heart Association PowerPoint Presentation.

^{xxx} <http://www.tobaccofreekids.org/research/factsheets/pdf/0222.pdf>